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October 6, 2006

John P. Sieminski, Esquire
Burns, White & Hickton
Four Northshore Center
106 Isabella Street
Pittsburgh, PA 15212

and

Thomas E. Reilly, Esquire
2025 Greentree Road
Pittsburgh, PA 15220

Re: WRS, Inc. d/b/a WRS Motion Picture Laboratories v Plaza Entertainment, Inc., Eric Parkinson, Charles von Bernuth and John Herklotz

Dear Mr. Sieminski and Mr. Reilly:

In connection with the above-captioned matter, you have asked us to report on the accounts receivable and related revenue and cash receipts cycles at WRS Motion Picture Laboratories ("WRS") from the period April 1998 through December 2000 in order to determine if these accounting functions were operating in the normal course of business, as well as to determine the reasonableness of the outstanding receivable balance of Plaza Entertainment, Inc. ("Plaza Entertainment") as of December 31, 2000.

This report represents our findings to date. We reserve the right to amend, revise or supplement this report should additional information become available or we be asked to perform additional analysis.

Information Relied Upon

In the course of performing our work on this matter, we have relied upon numerous sources of information. These sources are summarized as follows:

- Aged Trial Balance With Options – Detail Receivables Management Report: Reports were provided by WRS to cover the period April 30, 1998 through December 31, 2000. These reports function as the aged account receivable balance and included all transaction

Schneider Downs & Co., Inc.
www.schneiderdowns.com

1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

EXHIBIT
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postings such as sales invoices recorded and cash receipts applied to outstanding receivable balance.

- WRS invoices for materials sold to Plaza Entertainment for the period April 30, 1998 through December 31, 2000.
- WRS invoices for finance charges incurred by Plaza Entertainment for the period April 30, 1998 through December 31, 2000.
- National Bank of Canada Account #609362-001 monthly bank statements for the period July 1999 through December 2000.
- National Bank of Canada Account #609362 Fund Manager Lockbox Availability Detail Report for the period July 1999 through December 2000. These reports show daily deposits credited to the bank account.
- Transaction Detail by Account – January through December 1998: Report was provided by Plaza Entertainment and functions as a detail of the general ledger postings for all accounts at Plaza Entertainment. The accounts payable section of this report was utilized during our procedures.
- Plaza Entertainment Detail Historical Aged Trial Balance – Receivables Management Report. Report was provided by WRS and represents the billing WRS was doing on behalf of Plaza Entertainment. Report was dated as of September 4, 2002.
- Plaza Entertainment invoices prepared by WRS in relation to the Services Agreement.
- Meetings with John P. Sieminski (or his representative), John Herklotz, Thomas E. Reilly, and John Napor on May 15, 2006, June 5, 2006, and August 29, 2006. Meetings were held at the offices of Burns, White & Hickton in Pittsburgh, Pennsylvania
- Access to and testing of the aforementioned accounting records and source documents at Burns, White & Hickton on July 31, 2006, August 17, 2006, and August 18, 2006.

Analysis of Information Provided

Based on our understanding of the processes in place at WRS, the accounts receivable and related revenue and cash receipts cycles were analyzed by Schneider Downs & Co., Inc. ("Schneider Downs") in order to determine if these accounting functions were operating in the normal course of course of business as well as to determine the reasonableness of the outstanding receivable balance of Plaza Entertainment as of December 31, 2000.

- **Aged Trial Balance With Options – Detail Receivables Management Report**

WRS provided monthly "Aged Trial Balance With Options – Detail Receivables Management Report" for all months between April 1998 and December 2000. Account Number #124217 represents Plaza Entertainment's account receivable detail on these reports. Monthly reports were examined noting the accumulation of sales and payment postings through December 2000. Specifically, the December 31, 2000 report was utilized for testing, as this report had accumulated all detailed transaction postings for the period April 1998 through December 2000. Total account balance as of December 31, 2000 was $1,270,683.34. Schneider Downs footed this report for mathematical accuracy. No material exceptions were noted in our testing.

- **WRS Motion Picture and Video Laboratory Materials and Finance Charge Invoices**

Schneider Downs selected a sample of both materials and finance charges included on the December 31, 2000 Aged Trial Balance With Options – Details Receivable Management Report for a total sample size of 40 transactions. This sample included the 10 largest sales transactions, 20 random sales transactions and 10 random finance transactions. WRS provided invoice copies as supporting documentation for these transactions. Schneider Downs agreed invoice numbers, descriptions and total charges per the invoice to the Details Receivable Management Report. Additionally, we recalculated the invoices based on quantity and cost per item for mathematical accuracy. No material exceptions were noted in our testing. See EXHIBIT A for testing detail.

- **National Bank of Canada Lockbox Deposits and Payments Received**

WRS provided the December 31, 2000 "Aged Trial Balance with Options – Detail Receivables Management." Using this report, we examined Account #124217 representing Plaza Entertainment's account receivable detail. All transactions marked with "MCBA" or "PYMNT" were extracted from this report. In essence, the extraction represented all payments received into the Los Angeles lockbox -- National Bank of Canada - Acct#609362-001. According to John Napor, WRS representative, of all payments received into the lockbox, one-half (50%) would be retained by Plaza Entertainment and one-half (50%) would be retained by WRS to be utilized to reduce Plaza Entertainment's outstanding receivable balance. As such, Schneider Downs doubled the payment amount noted in the Detail Receivables Management Report and traced the total daily lockbox deposit into both the monthly National Bank of Canada Statement - Account#609362-001 and into a National Bank of Canada Fund Manager Lockbox Availability Detail Report. Schneider Downs noted that, of the 65 total deposits recorded within the account detail from April 1998 through December 2000, 7 deposits could not be traced to National Bank of Canada statements, as these statements were not provided to Schneider Downs by WRS. These cash receipts were shown as reductions to the Account Receivable balance; however, they were not able to be traced to the National Bank of Canada statements.. See EXHIBIT B for testing detail.

- **Plaza Entertainment, Inc. – Transaction Detail by Account**

Mr. John Herklotz provided Schneider Downs with Plaza Entertainment's "Transaction Detail by Account – January 1998 through December 1998." It was represented to us that this report represents the general ledger detail of postings with Plaza Entertainment's accounting system. Specifically, the posting to the Accounts Payable account were examined for transactions with WRS. As only 1998 records were provided, Schneider Downs traced accounts payable transactions recorded by Plaza Entertainment to corresponding invoices sent by WRS for the period April 30, 1998 through December 31, 1998. During this period of time, WRS had presented Plaza Entertainment, Inc with 73 invoices. Of the 73 sent, 41 were agreed to the accounting records of Plaza Entertainment. Schneider Downs was not engaged to verify the accuracy of the accounting records of Plaza Entertainment.

- **Plaza Entertainment Detail Historical Aged Trial Balance Receivables Management Report**

WRS provided a "Plaza Entertainment Detail Historical Aged Trial Balance Receivables Management Report" dated September 4, 2002. This report represents the account receivable for the outsourced billing function that WRS was performing on behalf of Plaza Entertainment. Although this report was dated September 4, 2002, we noted that it only included invoices through December 31, 2000. This report was utilized for testing, since this report had accumulated all detailed transaction postings for the period through September 4, 2002. Total account balance as of September 4, 2002 was $69,330.79. Schneider Downs footed this report for mathematical accuracy. No material exceptions were noted in our testing.

- **Plaza Entertainment, Inc. Invoices Prepared by WRS in relation to Services Agreement**

Schneider Downs selected a sample of invoices included on the September 4, 2002 Plaza Entertainment Detail Historical Aged Trial Balance Receivables Management Report for a total sample size of 25 transactions. WRS provided invoice copies as supporting documentation for these transactions. Schneider Downs agreed invoice numbers, descriptions and total charges per the invoice to the Details Receivable Management Report. Additionally, we recalculated the invoices based on quantity and cost per item for mathematical accuracy. No material exceptions were noted in our testing. See EXHIBIT C for testing detail.

Summary and Conclusion

Based on the procedures that we performed related to this matter, it is our opinion, within a reasonable degree of certainty, that WRS has applied a reasonable basis of accounting related to the accounts receivable, revenue, and cash receipts cycle surrounding the account for Plaza Entertainment and appears to be operating within the normal course of business. Furthermore, the $1,270,683.34 accounts receivable balance for Plaza Entertainment appears to be reasonably stated as of December 31, 2000.

Very truly yours,

Schneider Downs Co., Inc.

Certified Public Accountants

By: Thomas G. Claassen

Thomas G. Claassen, CPA, ABV, CFE

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EXHIBIT A

WRS Motion Picture & Video Laboratory
Accounts Receivable Testing
4/30/1998 through 12/31/2000

	Transaction Date Per Report	Transaction Type	Invoice #	Invoice Date	Order Number	Work Order Present	Movie Title/ Product	Destination	Quantity	Cost	Freight	Finance Charges	Total per Invoice	Total per Report	Agrees
1	8/31/1999	Sales	204684	8/31/1999	140451	N	Puss in Boots	none listed	10,453.00	$ 22,766.00	-	-	$ 22,766.00	$ 22,766.00	YES
2	8/31/1999	Sales	204683	8/31/1999	139360	N	Puss in Boots	3 individual shipments	50,002.00	105,229.00	$ 379.25	-	105,608.25	105,608.25	YES
3	8/31/1999	Sales	204574	8/30/1999	136529	N	Alpha Dura Case	none listed	60,008.00	23,403.12	-	-	23,403.12	23,403.12	YES
4	8/25/1999	Sales	203841	8/25/1999	137928	N	Various Titles	none listed	1,519.00	29,562.72	-	-	29,562.72	29,562.72	YES
5	11/30/1998	Sales	189138	11/30/1998	127998	N	Ebenezer	Plaza Entertainment	48,807.00	108,140.57	53.00	-	108,193.57	108,193.57	YES
6	10/14/1998	Sales	185421	10/14/1998	127015	N	Little Monsters	Various	6,077.00	13,870.49	-	-	13,870.49	13,870.49	YES
7	9/30/1998	Sales	184724	9/30/1998	126745	N	Safe Kids	None listed	7,500.00	10,433.16	-	-	10,433.16	10,433.16	YES
8	8/31/1998	Sales	183064	8/31/1998	123561	N	Jules Vern Titles	Plaza Entertainment	10,808.00	63,811.40	14,196.29	-	78,007.69	78,007.69	YES
9	5/29/1998	Sales	177041	5/29/1998	121229	N	Thunder Mountain	Various	69,063.00	129,207.05	-	-	129,207.05	129,207.05	YES
10	5/29/1998	Sales	177027	5/29/1998	119247	N	Thunder Mountain	Plaza Entertainment	10,001.00	18,924.77	-	-	18,924.77	18,924.77	YES
11	5/29/1998	Sales	176813	5/29/1998	120811	N	Thunder Mountain	36 Various Locations	12,708.00	23,262.10	8,866.46	-	32,128.56	32,128.56	YES
12	5/27/1998	Sales	176668	5/27/1998	120714	N	Thunder Mountain	23 Various Locations	20,959.00	38,374.60	7,723.31	-	46,097.91	46,097.91	YES
13	5/18/1998	Sales	176032	5/18/1998	120213	N	Thunder Mountain	Ingram Entertainment	680.00	1,244.40	1,439.89	-	2,684.29	2,684.29	YES
14	5/18/1998	Sales	176031	5/18/1998	120212	N	Thunder Mountain	Ingram Entertainment	900.00	1,647.00	1,896.60	-	3,543.60	3,543.60	YES
15	5/18/1998	Sales	176030	5/18/1998	120211	N	Thunder Mountain	Ingram Entertainment	900.00	1,647.00	1,790.33	-	3,437.33	3,437.33	YES
16	5/15/1998	Sales	175884	5/15/1998	120177	N	Thunder Mountain	Various (4) locations	204.00	373.32	53.48	-	426.80	426.80	YES
17	5/15/1998	Sales	175883	5/15/1998	120175	N	Thunder Mountain	Star Video	8,000.00	14,640.00	727.42	-	15,367.42	15,367.42	YES
18	5/15/1998	Sales	175882	5/15/1998	120173	N	Thunder Mountain	Army Air force Exchange	2,400.00	4,392.00		-	4,392.00	4,392.00	YES
19	5/15/1998	Sales	175879	5/15/1998	120157	N	Thunder Mountain	Arrow Distributing	1,000.00	1,830.00	239.80	-	2,069.80	2,069.80	YES
20	5/15/1998	Sales	175878	5/15/1998	120156	N	Thunder Mountain	Ingram Entertainment	600.00	1,098.00	153.36	-	1,251.36	1,251.36	YES
21	5/15/1998	Sales	175877	5/15/1998	120155	N	Thunder Mountain	Ingram Entertainment	280.00	512.40	74.62	-	587.02	587.02	YES
22	5/15/1998	Sales	175876	5/15/1998	120154	N	Thunder Mountain	Ingram Entertainment	150.00	274.50	41.98	-	316.48	316.48	YES
23	5/15/1998	Sales	175875	5/15/1998	120153	N	Thunder Mountain	Star Video	6,000.00	10,980.00	489.37	-	11,469.37	11,469.37	YES
24	5/15/1998	Sales	175874	5/15/1998	120152	N	Thunder Mountain	Ingram Entertainment	1,806.00	3,305.10	172.60	-	3,477.70	3,477.70	YES
25	5/15/1998	Sales	175873	5/15/1998	120151	N	Thunder Mountain	Ingram Entertainment	1,800.00	3,294.00	172.76	-	3,466.76	3,466.76	YES
26	5/15/1998	Sales	175872	5/12/1998	120150	N	A&P Stickers	Ingram Entertainment	-	-	22.00	-	22.00	22.00	YES
27	5/15/1998	Sales	175871	5/15/1998	120149	N	Kroger Stickers	Central Video	-	-	44.00	-	44.00	44.00	YES
28	8/25/1999	Sales	203846	8/25/1999	140452	N	The Pistol	Drop Ship Dept.	1,017.00	2,379.78	-	-	2,379.78	2,379.78	YES
29	9/30/1998	Sales	184701	9/30/1998	125643	N	Ebenezer	Pipeline/ Plaza Entertainment	2.00	62.30	15.50	-	77.80	77.80	YES
30	10/31/1999	Finance Charges	10514	10/31/1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16,105.12	16,105.12	16,105.12	YES
31	11/30/1998	Finance Charges	9436	11/30/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,368.54	11,368.54	11,368.54	YES
32	10/31/1998	Finance Charges	9312	10/31/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,063.79	11,063.79	11,063.79	YES
33	9/30/1998	Finance Charges	9187	9/30/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,160.70	9,160.70	9,160.70	YES
34	8/31/1998	Finance Charges	9067	8/31/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,692.39	8,692.39	8,692.39	YES
35	7/31/1998	Finance Charges	8942	7/31/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,092.11	9,092.11	9,092.11	YES
36	6/30/1998	Finance Charges	8811	6/30/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,903.42	8,903.42	8,903.42	YES
37	5/31/1998	Finance Charges	8679	5/31/1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,715.56	1,715.56	1,715.56	YES
38	5/31/1999	Finance Charges	10068	5/31/1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,132.88	12,132.88	12,132.88	YES
39	4/30/1999	Finance Charges	9971	4/30/1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12,116.64	12,116.64	12,116.64	YES
40	11/30/1999	Finance Charges	10611	11/30/1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A	16,099.12	16,099.12	16,099.12	YES

EXHIBIT B

LOCKBOX DEPOSIT TESTING
PER AGED TRIAL BALANCE WITH OPTIONS - DETAIL / RECEIVABLES MANAGEMENT
DECEMBER 31, 2000 REPORT

Pymt Rec'd Date per A/R Report	*Amount Applied per AR report*	*Total Payment Received per Internal Spreadsheet*	*Total L/B deposit per NBOC Acct#609362-001 Statement Detail Report*	*Total L/B deposit per daily NBOC Fund Mgr Lockbox Availablity Detail Report*	*Difference*
7/16/1999	$ 478.48	$ 956.96	$ 956.96	$ 956.96	-
7/20/1999	226.75	453.50	453.50	453.50	-
7/23/1999	1,177.75	2,355.50	2,355.50	2,355.50	-
7/27/1999	152.45	304.90	304.91	304.91	$ 0.01
7/29/1999	166.35	332.70	332.70	332.70	-
7/30/1999	6,030.70	12,061.40			A
8/9/1999	872.43	1,744.86	1,744.86	1,744.86	-
8/19/1999	500.00	1,000.00	1,000.00	1,000.00	-
8/26/1999	3,151.21	6,302.42	6,302.42	6,302.42	-
9/21/1999	356.00	712.00	712.00	712.00	-
10/5/1999	42.30	84.60	84.60	84.60	-
10/18/1999	61.61	123.22	123.22	123.22	-
11/24/1999	400.00	800.00	800.00	800.00	-
12/28/1999	500.00	1,000.00	1,000.00	1,000.00	-
12/30/1999	925.38	1,850.76	1,850.75	1,850.75	(0.01)
1/18/2000	200.00	400.00	400.00	400.00	-
2/1/2000	1,438.32	2,876.64	2,876.64	2,876.64	-
2/29/2000	12.50	25.00	25.00	25.00	-
3/9/2000	42.98	85.96	85.95	85.95	(0.01)
3/13/2000	0.50	1.00	1.00	1.00	-
3/20/2000	260.71	521.42	521.41	521.41	(0.01)
4/5/2000	22.80	45.60	45.60	45.60	-
4/10/2000	0.50	1.00	1.00	1.00	-
4/28/2000	399.45	798.90	798.89	798.89	(0.01)
5/2/2000	2,748.75	5,497.50	5,497.50	5,497.50	-
5/8/2000	33.14	66.28	66.28	66.28	-
5/12/2000	150.00	300.00	300.00	300.00	-
5/15/2000	82.28	164.56			A
5/16/2000	543.15	1,086.30	1,086.30	1,086.30	-
6/1/2000	329.82	659.64	659.64	659.64	-
6/5/2000	37.21	74.42	74.41	74.41	(0.01)
6/7/2000	175.50	351.00	351.00	351.00	-
6/12/2000	0.30	0.60			A
6/12/2000	6,375.90	12,751.80	12,751.19	12,751.19	(0.61)
6/15/2000	4.36	8.72	8.71	8.71	(0.01)
Jun-00	148.78	297.56	297.55	297.55	(0.01)
6/23/2000	125.00	250.00	250.00	250.00	-
6/26/2000	62.25	124.50	124.50	124.50	-
7/6/2000	64.93	129.86	129.86	129.86	-
7/7/2000	22.57	45.14	45.14	45.14	-
7/10/2000	0.50	1.00	1.00	1.00	-
7/20/2000	25,000.00	25,000.00			A
7/24/2000	115.44	230.88	230.87	230.87	(0.01)
8/1/2000	39.47	78.94	78.93	78.93	(0.01)
8/4/2000	210.95	421.90	421.89	421.89	(0.01)
8/22/2000	139.68	279.36	279.35	279.35	(0.01)
8/22/2000	23.04	46.08	46.08	46.08	-
9/11/2000	257.01	514.02	514.01	514.01	(0.01)
9/18/2000	0.50	1.00	1.00	1.00	-
9/27/2000	668.25	1,336.50	1,336.50	1,336.50	-

EXHIBIT B

LOCKBOX DEPOSIT TESTING
PER AGED TRIAL BALANCE WITH OPTIONS - DETAIL / RECEIVABLES MANAGEMENT
DECEMBER 31, 2000 REPORT

Pymt Rec'd Date per A/R Report	*Amount Applied per AR report*	*Total Payment Received per Internal Spreadsheet*	*Total L/B deposit per NBOC Acct#609362-001 Statement Detail Report*	*Total L/B deposit per daily NBOC Fund Mgr Lockbox Availablity Detail Report*	*Difference*
10/4/2000	62.27	124.54	124.54	124.54	-
10/11/2000	898.88	1,797.76	1,797.75	1,797.75	(0.01)
10/24/2000	2,829.00	5,658.00	5,658.00	5,658.00	-
10/30/2000	165.90	331.80			A
10/31/2000	31.28	62.56	62.56	62.56	-
11/21/2000	1,123.00	2,246.00	2,246.00	2,246.00	-
11/21/2000	49.85	99.70	99.70	99.70	-
11/27/2000	33.75	67.50	67.50	67.50	-
11/30/2000	52.95	105.90			A
12/6/2000	106.87	213.74	213.74	213.74	-
12/6/2000	71.07	142.14	142.14	142.14	-
12/20/2000	126.67	253.34	253.33	253.33	(0.01)
12/27/2000	50.47	100.94	100.94	100.94	-
12/28/2000	40.26	80.52	80.52	80.52	-
12/30/2000	55.85	111.70			A

A - As noted in the attached report, there were 7 cash receipts which could not be traced into either the National Bank of Canada Statement - Account# 609362-001 nor into a National Bank of Canada Fund Manager Lockbox Availability Detail Report. However, these cash receipts were noted as being applied to the "Aged Trial Balance with Options - Detail Receivable Management" report.

EXHIBIT C

WRS Motion Picture & Video Laboratory
Accounts Receivable Testing - OUTSOURCING FUNCTION

	Invoice Date	Customer	Amount per "Detail Historical Aged Trial Balance Receivable Management"	Amount per Plaza Entertainment invoice	Difference	Quantity/ Price Extensions Calculated Correctly
1	1/31/2000	Wax Works, Inc.	$ 1,717.40	$ 1,717.40	-	YES
2	3/20/2000	Video Products Distributors	79.55	79.55	-	YES
3	3/29/2000	Ingram Entertainment	57.79	57.79	-	YES
4	3/31/2000	Valley Media, Inc.	2,113.44	2,113.44	-	YES
5	3/31/2000	Baker & Taylor	156.91	156.91	-	YES
6	4/28/2000	Baker & Taylor	454.59	454.59	-	YES
7	5/31/2000	Wax Works, Inc.	159.77	159.77	-	YES
8	9/29/2000	Vision Video	2,019.00	2,019.00	-	YES
9	9/29/2000	Library Video Company	118.48	118.48	-	YES
10	10/23/2000	Movies Unlimited	132.08	132.08	-	YES
11	11/30/2000	Global Video, Inc.	80.52	80.52	-	YES
12	4/28/2000	Playboy Entertainment	129.47	129.47	-	YES
13	4/28/2000	Library Video Company	129.86	129.86	-	YES
14	1/31/2000	M.S. Distributing	792.00	792.00	-	YES
15	3/22/2000	Sight and Sound Dist.	131.72	131.72	-	YES
16	10/30/2000	Movies Unlimited	81.65	81.65	-	YES
17	4/20/2000	Baker & Taylor	141.09	141.09	-	YES
18	3/29/2000	Ingram Entertainment	14.94	14.94	-	YES
19	3/31/2000	Baker & Taylor	37.35	37.35	-	YES
20	3/31/2000	Baker & Taylor	49.38	49.38	-	YES
21	3/31/2000	Baker & Taylor	133.53	133.53	-	YES
22	4/28/2000	Playboy Entertainment	71.61	71.61	-	YES
23	4/28/2000	Baker & Taylor	557.81	557.81	-	YES
24	7/24/2000	Global Video, Inc.	109.55	109.55	-	YES
25	8/30/2000	Publishers Clearing Hs	4,860.00	4,860.00	-	YES